

CLAIMS

What is claimed is:

5 1. A method for improving liquidity of transactions for a plurality of contracts,
the method comprising the steps of:

 defining a complete set including the plurality of contracts, the complete set
guaranteeing at least an initial settlement at at least one particular time, the complete set
corresponding to a settlement value, the settlement value being determined based upon the
10 initial settlement value; and

 allowing at least one market participant to lock in a trade for a portion of the
plurality of contracts, the portion of the plurality of contracts including multiple contracts.

 2. A method for improving liquidity of transactions for a plurality of contracts,
15 the method comprising the steps of:

 providing a special purpose vehicle, the special purpose vehicle for buying and/or
selling at least a portion of a complete set including the plurality of contracts, the complete
set guaranteeing at least an initial settlement at at least one particular time, the complete set
corresponding to a settlement value, the settlement value being determined based upon the
20 initial settlement value.

 3. The method of claim 2 wherein the settlement value is determined based
upon the initial settlement value and an interest rate effect, if necessary, wherein the interest
rate effect includes an adjustment in a present value based upon an interest rate, the initial

settlement value, and a time between the at least one particular time and the settlement value being determined.

4. The method of claim 2 wherein each of the plurality of contracts matures upon at least one particular event occurring and wherein the complete set corresponds to at least the settlement value regardless of whether the at least one particular even occurs for any of the plurality of contracts.

5. The method of claim 2 wherein the at least one particular time corresponds to at least a portion of the plurality of contracts maturing.

6. The method of claim 2 further comprising the step of:
allowing the special purpose vehicle to assemble the complete set by buying at least the portion of the complete set based upon a sum of offers and the settlement value.

7. The method of claim 6 wherein the allowing step further includes the step of:
automatically buying the at least the portion of the complete set to assemble the complete set when a sum of offers for the complete set is less than or equal to the settlement value.

8. The method of claim 2 further comprising the step of:
allowing the special purpose vehicle to sell the at least the portion of the complete set based upon a sum of bids and the settlement value.

9. The method of claim 8 wherein the allowing step further includes the step of:
automatically selling the at least the portion of the complete set to at least one market
participant using the special purpose vehicle when a sum of bids for the complete set is
greater than the settlement value.

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10. The method of claim 2 wherein the special purpose vehicle is allowed to
secure trades when buying and/or selling at least one of the plurality of contracts.

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11. The method of claim 2 wherein at least one bid to buy corresponds to at least
one contract of the plurality of contracts, the method further comprising the step of:

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generating a conditional order to sell a remaining portion of the complete set, the
conditional order to sell being based upon the at least one bid, the conditional order having a
corresponding condition, the corresponding condition being the at least one bid and the
conditional order to sell both being accepted, the special purpose vehicle making at least one
trade of the remaining portion of the complete set when the condition is fulfilled.

12. The method of claim 11 wherein a sum of the at least one bid and a total of at
least one price for each of the remaining contracts is less than or equal to the settlement
value.

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13. The method of claim of 11 wherein the generating step further includes the
step of:

generating a zero price bid to provide the at least one bid.

14. The method of claim 2 wherein at least one offer to sell corresponds to at least one contract of the plurality of contracts, method further comprising the step of:

generating a conditional order to buy a remaining portion of the complete set, the conditional order to buy being based upon the at least one offer, the conditional order having a corresponding condition, the corresponding condition being the at least one offer and the conditional order both being accepted, the special purpose vehicle making at least one trade of the remaining portion of the complete set when the condition is fulfilled.

15. The method of claim 14 wherein a sum of the at least one offer and a total of at least one price for each of the remaining contracts is greater than or equal to the settlement value.

16. The method of claim 2 wherein at least the special purpose vehicle providing step is provided using a computer system.

17. The method of claim 2 wherein a plurality of market participants correspond to at least a portion of the plurality of contracts, the method further comprising the step of:

determining a credit risk for each of the plurality of market participants based upon the settlement value and a selling price for each of the plurality of contracts.

18. The method of claim 17 wherein a portion of the plurality of market participants are short selling a first portion of the plurality of contracts, and wherein the credit risk determining step further includes the steps of:

determining the credit risk for each of the portion of the plurality of market participants based upon the selling price of each of the first portion of the plurality of contracts and a winning payout for the contract.

5 19. The method of claim 17 wherein the credit risk is the winning payout minus the selling price.

 20. The method of claim 19 wherein an exchange acts as a custodian for a short margin for each of the plurality of market participants, the short margin being based upon
10 the credit risk.

 21. The method of claim 19 wherein a bank acts as a custodian for a short margin for each of the plurality of market participants, the short margin being based upon the credit
15 risk.

 22. The method of claim 19 wherein the special purpose vehicle acts as a custodian for a short margin for each of the plurality of market participants, the short margin
20 being based upon the credit risk.

 23. The method of claim 22 wherein the special purpose vehicle places the short margin in an interest bearing account.

 24. The method of claim 18 further comprising the step of:

allowing a market participant to define a credit risk matrix, the credit risk matrix indicating a first portion of the plurality of market participants and an allowed credit risk for each of the first portion of the plurality of market participants, the allowed credit risk indicating the market participant's maximum desired exposure for each of the first portion of the plurality of market participants.

25. The method of claim 24 further comprising the step of:

allowing the market participant to define a second credit risk matrix, the second credit risk matrix indicating a second portion of the plurality of market participants and a second allowed credit risk for each of the second portion of the plurality of market participants, the second allowed credit risk indicating the market participant's maximum desired exposure for each of the second portion of the plurality of market participants.

26. The method of claim 25 wherein to of the first portion of the plurality of market participants can attain credit netting through the market participant.

27. The method of claim 25 wherein to of the first portion of the plurality of market participants can attain credit swapping through the market participant.

28. The method of claim 25 wherein to of the first portion of the plurality of market participants can attain credit bridging through the market participant.

29. The method of claim 2 further comprising the step of:

allowing a financial institution to provide collateralized financing for the special purpose vehicle.

30. The method of claim 29 wherein the financial institution allowing step further includes the steps of:

allowing the special purpose vehicle to short sell the complete set to a buyer;
the special purpose vehicle depositing the settlement value to the financial institution; and
using the financial institution to obtain the complete set.

31. The method of claim 30 wherein the financial institution using step further includes the steps of:

allowing the financial institution to provide the settlement value to meet a margin requirement; and
delivering the complete set to the buyer.

32. The method of claim 29 wherein the financial institution allowing step further includes the steps of:

using the special purpose vehicle to buy the complete set from a seller;
using the financial institution to provide a loan to the special purpose vehicle, the loan being for at least a portion of the settlement value, the complete set being used as collateral for the loan.

33. The method of claim 2 further comprising the step of:

allowing a financial institution to act as a guarantor for the settlement value and/or the complete set of contracts.

34. The method of claim 33 wherein the financial institution allowing step further includes the step of:

issuing a set of securities by the financial institution, the set of securities corresponding to the complete set of contracts and/or the settlement value.

35. The method of claim 34 wherein the financial institution allowing step further includes the step of:

allowing the special purpose vehicle to deliver the set of securities to a buyer of the complete set in lieu of the complete set.

36. The method of claim 34 wherein the financial institution allowing step further includes the step of:

allowing the special purpose vehicle to receive cash in exchange for the set of securities; and

using the cash to pay a seller of the complete set.

37. The method of claim 34 wherein the financial institution allowing step further includes the step of:

allowing a market participant to utilize the set of securities in transactions relating to

the complete set.

38. The method of claim 2 further comprising the step of:

using the special purpose vehicle to issue a set of securities, the set of securities

corresponding to the complete set of contracts and/or the settlement value.

39. The method of claim 38 wherein the special purpose vehicle using step

further includes the step of:

allowing a financial institution to act as a guarantor of the set of securities.

40. The method of claim 39 wherein the financial institution guarantor allowing

step further includes the step of:

allowing the financial institution to buy all of the set of securities.

41. The method of claim 2 further comprising the step of:

converting a plurality of bets from a bet-odds format to the plurality of contracts.

42. The method of claim 2 further comprising the step of:

converting the plurality of contracts to a bet-odds format.

43. A computer-readable medium containing a program for improving liquidity

of transactions for a plurality of contracts, the program including instructions for:

defining a complete set including the plurality of contracts, the complete set

guaranteeing at least an initial settlement at at least one particular time, the complete set
corresponding to a settlement value, the settlement value being determined based upon the
initial settlement value.

allowing at least one market participant to lock in a trade for a portion of the
plurality of contracts, the portion of the plurality of contracts including multiple contracts.

44. A computer-readable medium containing a program for improving liquidity
of transactions for a plurality of contracts, the program including instructions for:

providing a special purpose vehicle, the special purpose vehicle for buying and/or
selling at least a portion of a complete set including the plurality of contracts, the complete
set guaranteeing at least an initial settlement at at least one particular time, the complete set
corresponding to a settlement value, the settlement value being determined based upon the
initial settlement value.

45. The computer-readable medium of claim 44 wherein the settlement value is
determined based upon the initial settlement value and an interest rate effect, if necessary,
wherein the interest rate effect includes an adjustment in a present value based upon an
interest rate, the initial settlement value, and a time between the at least one particular time
and the settlement value being determined.

46. The computer-readable medium of claim 44 wherein the program further
includes instructions:

allowing the special purpose vehicle to assemble the complete set by buying at least

the portion of the complete set based upon a sum of offers and the settlement value.

47. The computer-readable medium of claim 44 wherein the allowing instructions further includes instructions:

5 allowing the special purpose vehicle to sell the at least the portion of the complete set based upon a sum of bids and the settlement value.

48. The computer-readable medium of claim 44 wherein the special purpose vehicle is allowed to secure trades when buying and/or selling at least one of the plurality of
10 contracts.

49. The computer-readable medium of claim 44 wherein at least one bid to buy corresponds to at least one contract of the plurality of contracts, the program further including instructions for:

15 generating a conditional order to sell a remaining portion of the complete, the conditional order to sell being based upon the at least one bid, the conditional order having a corresponding condition, the corresponding condition being the at least one bid and the conditional order to sell both being accepted, the special purpose vehicle making at least one trade of the remaining portion of the complete set when the condition is fulfilled.

20 50. The computer-readable medium of claim 44 wherein the program further includes instructions for:

allowing a financial institution to provide collateralized financing for the special

purpose vehicle.

51. A system for improving liquidity of transactions for a plurality of contracts, the system comprising:

5 a special purpose vehicle for buying and/or selling at least a portion of a complete set including the plurality of contracts, the complete set guaranteeing at least an initial settlement at at least one particular time, the complete set corresponding to a settlement value, the settlement value being determined based upon the initial settlement value.

10 52. The system of claim 51 wherein the settlement value is determined based upon the initial settlement value and an interest rate effect, if necessary, wherein the interest rate effect includes an adjustment in a present value based upon an interest rate, the initial settlement value, and a time between the at least one particular time and the settlement value being determined.

15 53. The system of claim 51 wherein the special purpose vehicle is also capable of assembling the complete set by buying at least the portion of the complete set based upon a sum of offers and the settlement value.

20 54. The system of claim 51 wherein the special purpose vehicle is also capable of selling the at least the portion of the complete set based upon a sum of bids and the settlement value.

55. A system for improving liquidity of transactions for a plurality of contracts comprising:

means for defining a complete set including the plurality of contracts, the complete set guaranteeing at least an initial settlement at at least one particular time, the complete set corresponding to a settlement value, the settlement value being determined based upon the initial settlement value; and

means for allowing at least one market participant to lock in a trade for a portion of the plurality of contracts, the portion of the plurality of contracts including multiple contracts.